

## **SALARIES AND BENEFITS**

The Salaries and Benefits category makes up the largest component of General Operating Fund expenditures and represents all personnel-related costs. There are currently four union-represented groups in the City: the Police Officers Association (POA sworn and nonsworn), the Mountain View Professional Firefighters Union (IAFF No. 1965) and Service Employees International Union (SEIU No. 715). The remaining employees are Management, Professional and certain Front-Line positions. The outcome of negotiations with each unit is a major factor in salary and benefit costs.

### **CATEGORIES**

- Salaries
- Wages
- Overtime
- Other pays (e.g., holiday-in-lieu, out-of-class, etc.)
- Medical/dental premiums
- Public Employees Retirement System (PERS)
- Other benefits (e.g., long-term disability, FICA, etc.)
- Workers' Compensation

### **HISTORY**

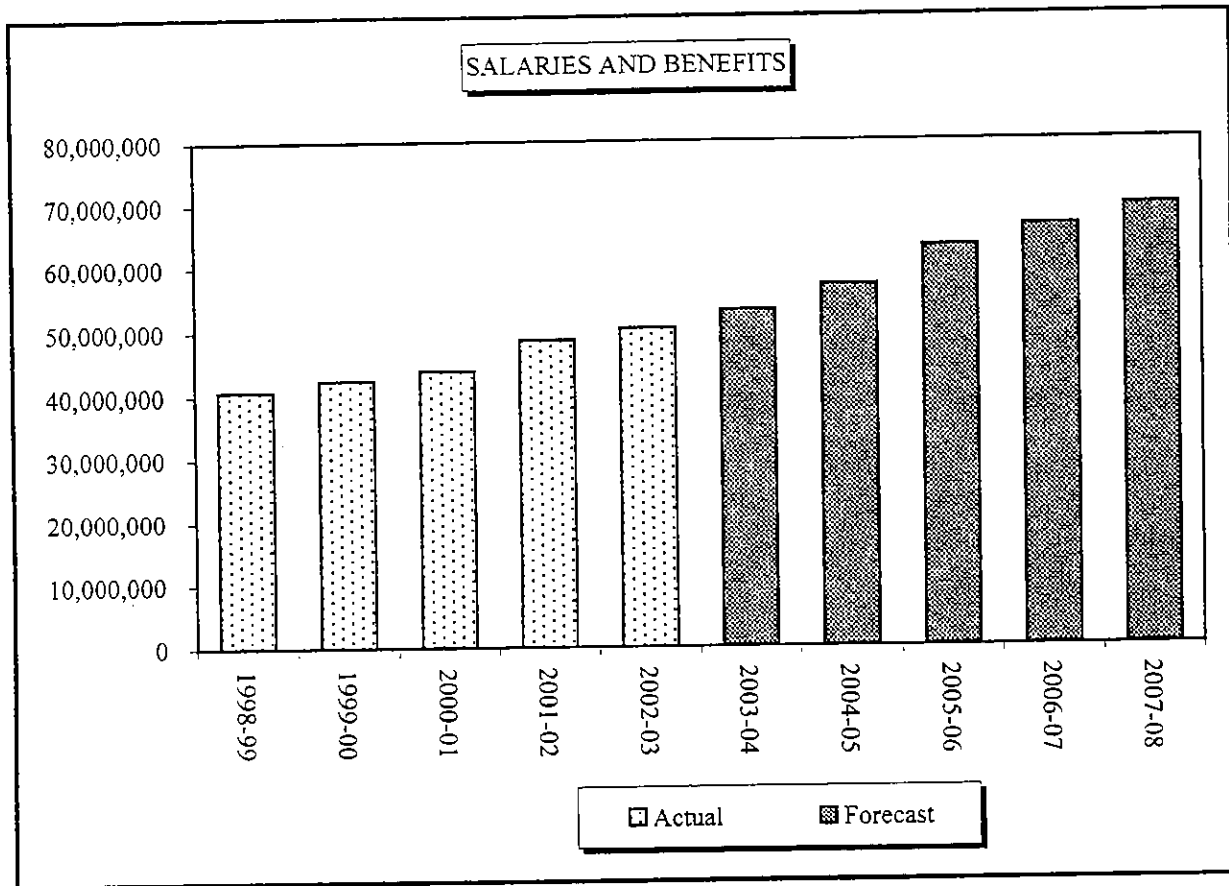
During the recession in the early 1990s, the City experienced retrenchment, eliminating a total of 31.5 General Fund positions. Over the next several fiscal years, the Council approved service enhancements in the highest-priority areas. However, in Fiscal Year 2002-03, in response to the initial signs of the economic slowdown, Council eliminated 4.0 positions and unfunded the equivalent of 16.08 positions. During the 2002-03 fiscal year, the economy continued to erode and the partial hiring freeze implemented in January 2001 was expanded.

### **FORECAST**

As discussed during budget study sessions, the adopted budget includes a total elimination of 42.51 full-time equivalent General Operating Fund positions (including the 16.08 positions unfunded in Fiscal Year 2002-03).

The adopted budget also includes cost-of-living adjustments agreed to in the current IAFF No. 1965 and the POA sworn and nonsworn Memorandums of Understanding (MOU). In addition, as agreed to in the Fiscal Year 2002-03 compensation resolution, Police management are budgeted to receive cost-of-living and equity increases. The Council included funding in the Fiscal Year 2003-04 Adopted Budget for all front-line employees to receive the appropriate step increase and a minimal amount is included for merit increases. There is no cost-of-living increase included for either miscellaneous front-line and management employees or SEIU.

Also, any other anticipated benefit modifications are reflected in the Fiscal Year 2003-04 Adopted Budget. Public Employees Retirement System (PERS) employer contribution rates for Fiscal Year 2003-04 and 2004-05 reflect the normal cost rate calculated by PERS in the most recent actuarial. The Miscellaneous group is 7.01 percent for Fiscal Year 2003-04. For Fiscal Year 2004-05, 7.2 percent is projected and increasing in Fiscal Year 2005-06, reflecting the impact of the substantial losses in the PERS portfolio. The Safety rate is 19.73 percent for Fiscal Year 2003-04, 29.8 percent is projected for Fiscal Year 2004-05, increasing in Fiscal Year 2005-06, reflecting PERS investment losses and the impact of the enhanced retirement benefit granted to Fire Safety in July 2001 and Police Safety in July 2002. Both Police and Fire Safety will be sharing in the increased cost. The last two years of the forecast include incremental increases for all groups. The remaining benefits, consisting primarily of employee insurance coverages, are included in the forecast with projected inflationary increases.



<u>Fiscal Year</u>	<u>Annual Expenditures</u>	<u>% Change</u>
1998-99	40,714,000	8.8%
1999-00	42,394,000	4.1%
2000-01	43,838,000	3.4%
2001-02	48,659,000	11.0%
2002-03 *	50,431,000	3.6%
2003-04 **	53,111,000	5.3%
2004-05	56,977,000	7.3%
2005-06	63,160,000	10.9%
2006-07	66,422,000	5.2%
2007-08	69,496,000	4.6%

\* Unaudited

\*\* Adopted